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NATIONAL ENERGY BOARD REASONS FOR DECISION

In the Matter of Applications under
the National Energy Board Act

of

TRANSCANADA PIPELINES LIMITED
AND
CHAMPION PIPE LINE CORPORATION LIMITED

JANUARY 1980

Canada

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NATIONAL ENERGY BOARD

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CHAMPION PIPE LINE CORPORATION LIMITED

January 1980

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NATIONAL ENERGY BOARD

IN THE MATTER OF the National Energy Board
Act and the Regulations made thereunder; and

IN THE MATTER OF an application by TransCanada
PipeLines Limited for a Certificate of Public
Convenience and Necessity under Part III of the
said Act, filed under file number 1555-T1-87; and

IN THE MATTER OF an application by Champion
Pipe Line Corporation Limited pursuant to
section 49 of the said Act for an order
exempting Champion from the provisions of
sections 26 to 29 with the exception of
section 26(1)(b) of the said Act, filed
under file number 1555-C17-3.

HEARD at Temiscaming, Quebec on 20 and 21 November 1979.

BEFORE:

J. Farmer	Presiding Member
J.R. Jenkins	Member
J.L. Trudel	Member

APPEARANCES:

J.H. Francis, Q.C.)	TransCanada PipeLines Limited
G.M. McGuire)	
P.F. Scully)	Champion Pipe Line Corporation
)	Limited
A.E. Potter)	Independent Petroleum Association
)	of Canada
J. Lebel)	Tembec Forest Products
)	Incorporated
D.H. Rogers)	Minister of Energy for Ontario
P. Chartrand)	Procureur Général du Québec
A. Biguë)	
A.R. Macdonald)	National Energy Board

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LIMITED

ABBREVIATIONS

Canadian International Paper Company	"CIP"
Champion Pipe Line Corporation Limited	"Champion" or "the Applicant"
Independent Petroleum Association of Canada	"IPAC"
Le Gaz Provincial du Nord de Québec Ltée	"Le Gaz"
Ministry of Energy for the Province of Ontario	"Ministry of Energy" or "The Ministry"
National Energy Board	"the Board"
National Energy Board Act	"the Act"
Northern and Central Gas Corporation Limited	"Northern and Central"
Tembec Forest Products Incorporated	"Tembec"
TransCanada PipeLines Limited	"TCPL", "TransCanada" or "the Applicant"

CHAPTER 1

THE APPLICATIONS AND THE HEARING

By an application dated 13 June 1979, TransCanada PipeLines Limited ("TransCanada") applied, under Part III of the National Energy Board Act ("the Act"), to the Board for a certificate of public convenience and necessity to construct and to operate approximately 39.5 km of 168.3 mm diameter gas transmission pipeline commencing at a point 12.8 km upstream of North Bay Compressor Station 116 on TransCanada's existing natural gas pipeline system to a proposed meter station in the Township of Poitras, in the vicinity of Thorne, in the Province of Ontario.

By an application dated 22 June 1979, Champion Pipe Line Corporation Limited ("Champion") applied to the Board under section 49 of the Act for an order exempting Champion from the provisions of sections 26 to 29 with the exception of section 26(1)(b) of the Act, to permit Champion to construct and to operate a town border station in the Township of Poitras adjacent to TransCanada's proposed meter station, together with approximately 1.8 km of 219.1 mm diameter gas transmission pipeline from the proposed town border station across the Ontario-Quebec interprovincial boundary to the facilities of Le Gaz Provincial du Nord de Québec Ltée ("Le Gaz"), to be constructed in the Town of Temiscaming, in the Province of Quebec.

The Board, by its Order No. GH-5-79 dated 27 September 1979, as amended by Order No. AO-1-GH-5-79, (Appendices 2 and 3) set down the applications of TransCanada and Champion for hearing commencing on 20 November 1979 at Temiscaming, Quebec. The hearing concluded the following day.

Four parties filed interventions and were represented at the hearing. They were:

Independent Petroleum Association of Canada ("IPAC");

Tembec Forest Products Incorporated ("Tembec");

Minister of Energy for Ontario; and

Procureur Général du Québec.

The evidence and arguments presented by the Applicants and the Intervenors are summarized in the following chapters.

CHAPTER 2

EVIDENCE AND ARGUMENTS

TRANSCANADA PIPELINES LIMITED

Gas Supply And Demand

TransCanada stated that its contracted gas supplies are adequate to meet its present and future requirements including supplies for the proposed extension of the mainline facilities into Quebec and the Maritimes as well as the currently authorized and applied-for export volumes. Therefore, the Applicant advised, the volumes related to this application can be easily met from TransCanada's contracted supply.

TransCanada provided an estimate of natural gas requirements based on data supplied to it by Northern and Central Gas Corporation Limited ("Northern and Central"), the parent company of Le Gaz and Champion. The Applicant estimated requirements for the municipality of Thorne, Ontario at $28.3 \times 10^3 \text{ m}^3$ in 1980 rising to $424.9 \times 10^3 \text{ m}^3$ by the year 2000. It estimated requirements for Temiscaming, Quebec at $99\,657.3 \times 10^3 \text{ m}^3$ in 1980, falling off to $81\,442.5 \times 10^3 \text{ m}^3$ in the year 2000. The major portion of the projected requirements for Temiscaming, Quebec would be sold to the principal industry, the pulp and paper company, Tembec, and the reason for the reduction in forecasted demand was the proposed heat recovery system that Tembec plans to install.

Facilities

Routing

TransCanada stated that it proposes to construct 39.5 km of 168.3 mm diameter line of pipe from a point approximately 12.8 km upstream of Station 116, situated in Lot 12, Concession 3, Township of Merrick, to a proposed meter station, in the location number E.M. 18, in the unsubdivided Township of Poitras, all in the District of Nipissing, in the Province of Ontario (See Map, Appendix 1).

TransCanada provided evidence that the route selected was based on a route studied by Champion several years earlier. TransCanada indicated that the route selected would provide the shortest reasonable distance between the mainline and the Town of Thorne, Ontario. The selected route would take advantage of an existing road which would provide access for the first nine kilometres and would avoid all residential properties. The location of the route would also utilize areas of low capability for agriculture, forestry, recreation and wildlife.

The original alignment submitted by TransCanada bisected a moose yarding area near Miners Lake at approximately km post 35. TransCanada's witness testified that in the final alignment the pipeline would be located south of the moose yard.

Minor deviations would be made along the route to avoid swampy areas and an abandoned gravel pit near the commencement of the line at the mainline.

TransCanada gave evidence that three alternative routes had been considered, but had been rejected. One corridor was examined north of the selected route and two further corridors were examined south of the selected route.

TransCanada stated that the alternative routes encountered rougher terrain, more rocks and lakes, and were considerably longer.

The witness for TransCanada testified that the possibility of combining the Temiscaming extension with a proposed shortcut from North Bay to Montreal was rejected because these two pipelines would not be oriented in the same direction and the North Bay shortcut is not expected to be built before 1981.

Right-of-Way Aspects

TransCanada indicated that a permanent easement width of 15 m would be required for the proposed pipeline extension and that the pipeline would involve an entirely new right-of-way.

TransCanada stated that the majority of the land to be traversed by the line is Crown land controlled by the Ministry of Natural Resources of the Province of Ontario. TransCanada gave evidence that general approval for a Crown grant of right-of-way has been received from the Ministry of Natural Resources of the Province of Ontario.

TransCanada stated that fee property with the dimensions 50 m by 50 m would be required for a meter station site at Thorne, Ontario. The witness testified that an offer to purchase the fee land has been made to the owner, Canadian International Paper Company ("CIP"), and no difficulties were anticipated in obtaining this property.

TransCanada gave evidence that it would require temporary rights-of-way at certain locations along the route. An additional width of 5 m would be required for water crossings on the adjacent river banks to provide more working room for pipe assembly and work equipment.

TransCanada gave evidence that the Ministry of Transport has been approached to obtain requisite approvals for the crossing of navigable waters pursuant to section 76 of the Act. The Ministry of Transport has identified the Jocko and Little Jocko Rivers as navigable waters. TransCanada's witness testified that the drawings which would be required for the final approval of these crossings were being completed at the time of the hearing.

TransCanada had contacted the Railway Transport Committee of the Canadian Transport Commission regarding the proposed crossing of the Ontario Northland Railway. Again, final approval had not been obtained since the detailed crossing drawing was being prepared and would need to be

submitted to the Railway Transport Committee. TransCanada was informed that not all of the railway owned by Ontario Northland falls under the jurisdiction of the Railway Transport Committee.

TransCanada provided evidence that it had identified all the various provincial authorities from which requisite approvals would be required and had confirmed that necessary arrangements had been or would be made to avoid potential conflicts between the provincial authorities and TransCanada's proposed undertaking. TransCanada gave evidence that the proposed extension would not cross any mining claims.

TransCanada indicated that access to a number of cottage sites near the Sturgeon Lake area might be temporarily cut off during construction. An agreement would be reached with the owners to satisfy the requirements for access to the cottage area.

TransCanada confirmed that it would follow its blasting procedures as set out in its Pipeline Construction Specifications dated March, 1979, whenever rock was encountered and blasting was required.

TransCanada originally intended to construct 6.8 km of new access roads but field investigations indicated that only one piece of new access road, 0.25 km long, would be

required. TransCanada would also utilize its right-of-way as an access road.

Construction equipment would utilize existing bush roads, several gravel roads which are already in existence, and the working room on the proposed right-of-way.

TransCanada confirmed that appropriate clean-up methods would be used by the company and its contractors, and that the lands through which the pipeline is to be constructed would be left in such a condition as not to interfere with any purposes for which the land could be used.

Pipeline

TransCanada proposes the installation of a 168.3 mm diameter pipeline with a maximum allowable operating pressure of 6 890 kPa.

The maximum winter capability of the line would be $643 \times 10^3 \text{ m}^3$ per day, based on an initial pressure at the junction with the mainline of 5 810 kPa and contracted delivery pressures at the sales meter station. The above mainline junction pressure was calculated for the condition of a compressor unit outage at the first upstream compressor station (Station 112).

TransCanada indicated that the maximum winter capability of the proposed pipeline would be $187 \times 10^3 \text{ m}^3$ more than the predicted peak day requirements of $456 \times 10^3 \text{ m}^3$ per day in the operating year 1983-84.

TransCanada had calculated, as an alternative, the capability of a 101 mm diameter line for a comparable mainline junction pressure of 5 810 kPa and a minimum operational delivery pressure to Champion of 2 241 kPa. The resulting capability of $239 \times 10^3 \text{ m}^3$ per day would not provide to Tembec the required contracted volume of $283 \times 10^3 \text{ m}^3$ per day.

Construction Schedule And Cost

A revised construction schedule was filed during the hearing. It assumed that a certificate of public convenience and necessity would be issued in mid-January 1980 and the approval of plans, profiles and books of reference as well as leave to construct would be obtained by mid-February.

It was proposed that engineering design, material procurement and right-of-way preparation would be carried out during the first quarter of 1980. In the months of April, May and possibly June, the field work would be interrupted because of the spring break-up. Construction could resume in June and be completed by the end of August. Clean-up operations would continue into the fall of 1980 and the spring of 1981.

With the timely completion of the project and connecting facilities, gas service to the communities of Temiscaming and Thorne could be available by the fall of 1980.

TransCanada provided evidence that the construction cost of \$4 325 800 (1979\$) was based on manpower and equipment requirements necessary to achieve the proposed construction schedule and on current labour and material prices. The cost estimate as filed in the application assumed late fall and early winter construction. Based on the revised construction schedule, some savings should be achieved as a result of summer construction. However, these savings would be offset by the concomitant increases due to escalation of material and labour costs. Therefore, TransCanada concluded that the filed cost estimate of \$4 325 800 would not be significantly affected by the revised schedule.

Environment

TransCanada submitted an environmental evaluation report for the proposed 39.5 km Temiscaming Extension.

The report consisted of a description of the existing environment, including geology, hydrology, soils, vegetation, wildlife, aquatic biology, an assessment of the potential impact of pipeline construction upon the environment, and the recommended measures to prevent or mitigate the potential impacts from construction.

TransCanada indicated that it accepted the recommendations incorporated in the environmental studies filed in support of its application. TransCanada also stated that, should actual conditions encountered differ from those

contemplated or, should the actual construction schedule prove not to be compatible with any of the recommendations, further environmental impact assessments would be carried out and appropriate mitigative measures identified. In addition, TransCanada stated that these recommendations for environmental protection would form part of TransCanada's construction contract.

TransCanada confirmed that it would implement the specifications for prevention or mitigation of potential environmental impacts found in its Environmental Protection Practices Handbook, 1979.

The environmental consultant reported that a review of the Canada Land Inventory Mapping for Critical Capability Areas indicated that the lands adjacent to the proposed route were not of prime importance for any of the parameters mapped. The lands rated as predominantly Classes 4, 5 and 6 for forestry, Classes 5, 6 and 7 and one small area of Class 4 for waterfowl, Class 5 for ungulates, Classes 4, 5 and 6 for recreation and Classes 4 and 7 for agriculture.

In the environmental assessment of the proposed pipeline, the environmental consultant described site-specific environmental concerns and recommended measures to prevent or mitigate the potential impact of pipeline construction. The environmental concerns identified refer to:

- (i) the acquisition of sand for bedding of the pipe;
- (ii) the disruption of subsurface water flow;
- (iii) the construction of stream crossings;
- (iv) the crossing of moose yards; and
- (v) the clearing of the right-of-way and disposal of merchantable timber.

The consultant recommended that the requisite sand bedding for the pipe should be obtained from existing quarries to minimize the disturbance of the area. TransCanada's witness testified that, since it was for the construction contractor to make his own arrangements to obtain the sand and gravel required during pipeline construction, TransCanada would not require the contractor to restrict his taking of borrow from only existing pits. Furthermore, the witness testified that, since all borrow pits and pit haul roads in the Province of Ontario were regulated by the Pits and Quarries Control Act, and a contractor would be required, prior to opening a borrow site, to obtain the necessary permits and licences from provincial authorities, TransCanada would not be setting any requirements for the restoration and rehabilitation of borrow sites. TransCanada did undertake to ensure that borrow would be taken from licensed pits and would be done within the terms of the Pits and Quarries Control Act.

To mitigate the impact of construction upon subsurface water flow, the environmental consultant recommended backfilling the pipeline trench with the material previously excavated from the trench to restore natural subsurface conditions. In the rock trench, which would be backfilled with borrow material, water stops (ditch breaks) would be installed to prevent the flow of water along the trench.

To minimize the impact of stream crossing construction, the environmental consultant recommended that the beds and banks of the streams be restored to their original condition and be stabilized. TransCanada confirmed that, after restoration of the stream beds and banks, the stream crossings would be monitored until bank stabilization had been completed. If the stream bottom material were not suitable as backfill, TransCanada undertook to replace it with granular material.

To protect the pike and bass populations in the Jocko and Little Jocko Rivers, the environmental consultant recommended that pipeline crossing construction should not occur during the spring spawning season. To mitigate the impact on fish populations, TransCanada undertook that it would rely on the environmental consultant to advise it when the fish spawning season was over. TransCanada expected that stream crossing construction would not start until August, by

which time the fish spawning would have been completed.

To protect the moose yard near Miners Lake, the environmental consultant recommended that the pipeline alignment be relocated to the south so that it would skirt this yard. TransCanada's witness testified that the final alignment would reflect the environmental consultant's recommendation and would be rerouted south of the moose yard. The environmental consultant also testified that the change to summer construction would result in potentially less impact on the moose population since moose normally range over large areas in the summer and do not congregate in yards.

The environmental consultant recommended that, during right-of way clearing, all merchantable timber and pulpwood be salvaged if possible. TransCanada would require that the merchantable timber be cut into specified lengths and piled for disposal. With respect to this material, the Company would discuss the method of disposal with the Ministry of Natural Resources. The majority of non-merchantable timber and brush would be burned under burning permits obtained from the Province of Ontario. Some timber and brush could be left on the right-of-way as animal habitat.

The environmental consultant has stated that the cleared pipeline right-of-way at road crossings and railways in the area would result in a change in the aesthetics of the area. TransCanada provided evidence that it was its practice

to plant trees to break up the visual effect of the cleared pipeline right-of-way. TransCanada indicated that it was prepared to implement this procedure along the edge of the road and railway rights-of-way affected by its pipeline if the authorities in charge asked that it be implemented.

The environmental consultant had described the residual impact which would remain after the pipeline construction had been completed and the restoration of the right-of-way had been done as follows:

- (i) the pipeline right-of-way would be permanently withdrawn from forestry production;
- (ii) the improved access would increase hunting pressure on wildlife; and
- (iii) the aesthetics of the area at pipeline crossings of roads and railways would be permanently changed if no tree or shrub planting were to occur.

Economic Aspects

TransCanada justified the construction of the proposed lateral on economic grounds. Competition among fuel sources in the region is such that the difference between the cost of gas and the price at which the distributor could sell it would be insufficient to allow a distributor to put in the lateral. Therefore, if TransCanada did not construct the lateral, the Thorne-Temiscaming area would not be serviced with natural gas.

TransCanada estimated that the Canadian content of the project (\$4 047 000, excluding AFUDC*) would be 98 per cent. Equipment used for installation, and materials used in pipe, valves, fittings and cathodic protection accounted for most of the non-Canadian content.

Financial Aspects And Contracts

The estimated capital cost of the proposed facilities is summarized as follows:

39.5 kilometres of 168.3 mm diameter pipe	\$4 168 000
Sales Meter Station containing two 101.6 mm Turbine Meters	<u>157 800</u>
Total	<u>\$4 325 800</u>

TransCanada stated that the capital requirements for these facilities would be initially financed by utilizing present lines of credit and subsequently by issuing long-term debt.

TransCanada filed copies of an amendment to the Gas Sales Contracts between TransCanada and Northern and Central. This agreement dated 15 June 1979 provided for the reduction in the contract demand of Northern and Central for deliveries to the Western Delivery Area of $115 \times 10^3 \text{ m}^3$ and a corresponding increase in the contract demand for deliveries to the Northern Delivery Area. The incremental contract demand for the Northern Delivery Area would meet the firm gas requirements for the proposed lateral.

* Allowance for Funds Used During Construction

Policy Statement

TransCanada supported its application for the proposed pipeline extension to the Thorne-Temiscaming area with the explanation that there is a genuine demand for natural gas in this area and that the domestic natural gas would replace foreign fuels presently used in this area. TransCanada pointed out that the proposed sales would help to reduce Canada's bill for imported fuels.

In respect to the economics of the incremental sale from the proposed lateral, TransCanada noted that because of the current prices for materials and labour compared to those prevailing over the past twenty years, a greater investment would be required to move the same quantity of gas today. This means that any additional sales in Eastern Canada requiring the construction of new pipeline facilities would have an impact on the Alberta border price because of the present pricing structure under the Petroleum Administration Act.

A marginal unit cost of service of $\$8.79/10^3 \text{ m}^3$ (25¢/Mcf) in the first year of operation was estimated for the extension. The effect of this additional cost of service on the rolled-in Alberta border price would be less than $\$0.03/10^3 \text{ m}^3$ (.085¢/Mcf). TransCanada is of the opinion that overall the proposed sales through the lateral would have a negligible impact on the wellhead price. Even on an incremental basis, the sales would provide a positive return to the producer.

TransCanada stated the Board's decision on the proposed lateral would not be considered as a precedent for any future applications for construction of laterals and would be considered to pertain only to this particular extension. TransCanada expected that any future applications for construction of lateral pipelines would need to be justified on the facts and circumstances which would pertain to those pipelines.

CHAMPION PIPE LINE CORPORATION LIMITED

Gas Supply And Demand

Champion, under the terms of a gas transportation contract dated 15 November 1979 with Northern and Central, would transport the gas owned by Northern and Central from the terminus of the TransCanada lateral at Thorne, Ontario to the facilities of Le Gaz Provincial du Nord de Québec Ltée, in Temiscaming, Quebec. Under the terms of a gas purchase contract dated 15 November 1979 between Northern and Central and Le Gaz, ownership of the gas transported by Champion would pass to Le Gaz at the terminus of the Champion facilities. Northern and Central presented evidence on behalf of the Applicant in regard to gas supply and testified that its gas purchase agreements with TransCanada would be adequate to meet the requirements of Temiscaming, Quebec.

The Board received evidence from Northern and Central indicating that the facilities applied for by Champion were required to serve the municipality of Temiscaming, Quebec. A witness for Northern and Central stated that 24 per cent of the residential and commercial market would be converted to gas in 1980. By 1990 Northern and Central projected a saturation level of 80 per cent in the residential market and 71 per cent in the commercial market.

Northern and Central and Tembec presented evidence in regard to the gas requirements of Tembec, the single largest potential user of natural gas in Temiscaming, Quebec. Tembec has signed a ten-year gas sales contract with Le Gaz for the supply of $113.3 \times 10^3 \text{ m}^3$ per day on a firm basis and $170.0 \times 10^3 \text{ m}^3$ per day on an interruptible basis. In addition, the contract allows for deliveries of gas in excess of the $283.3 \times 10^3 \text{ m}^3$ per day on a best-efforts basis.

Tembec's annual gas requirement was estimated by Northern and Central to be $100\,592.2 \times 10^3 \text{ m}^3$ in 1980 rising to $128\,806.7 \times 10^3 \text{ m}^3$ by 1984 but decreasing to $80\,734.2 \times 10^3 \text{ m}^3$ by 1985 because of the proposed installation of heat recovery units by Tembec. However, testimony by the witness for Tembec indicated that gas requirements would probably not decrease in 1985 because of additional requirements for a proposed alcohol plant. It was stated that natural gas

consumption would remain at a level of approximately 113 311.4 10^3 m^3 per year from 1985 through to at least the end of the contract term.

The residential and commercial market requirements were forecast by Northern and Central based on the assumption that natural gas would have a price advantage in relation to alternative fuel sources over the forecast period. The witnesses for Northern and Central and Tembec stated that natural gas currently held a price advantage over coal and oil in the industrial sector and that the price advantage was expected to continue.

Facilities

Right-of-Way Aspects

Champion proposed to construct approximately 1.985 km of 219.1 mm diameter pipeline beginning at a point within TransCanada's proposed meter station site, in the location number E.M. 18, in the unsubdivided Township of Poitras, District of Nipissing, in the Province of Ontario, to a point on the east side of Kipawa Road, Town of Temiscaming, adjacent to Tembec's property, part of Lot 24-3, Range Lake Temiscaming of the Township of Gendreau, in the Province of Quebec.

Champion stated that with the exception of the town border station near Thorne, Ontario, the proposed pipeline would be located on public property. The witness for

Champion testified that an offer to purchase the land required for its town border station site had been made to CIP. CIP had agreed to the sale contingent on several items, one being approval of the project by the National Energy Board.

Champion has contacted the Ministry of Transport to obtain requisite approval pursuant to section 76 of the Act for the crossing of McDougal Creek. Champion gave evidence that it had obtained a permit for construction of the pipeline across McDougal Creek.

Champion's witness testified that it contacted Canadian Pacific for agreement to the crossing of its railway but had not contacted the Railway Transport Committee of the Canadian Transport Commission. Champion undertook to contact the Railway Transport Committee to obtain requisite authorization for the crossing of the Canadian Pacific Railway.

The Applicant stated that the proposed 219.1 mm diameter pipeline would cross the Ottawa River by using the right-of-way of Highway 63 and by utilizing two bridge structures which form part of a dam complex. The two bridges and dam complex are under the jurisdiction of the Department of Public Works of Canada. Champion gave evidence that tentative authorization to proceed had been received from the Department of Public Works pending formalization of the lease for the installation.

Approximately 1.3 km of the proposed line would be located within the right-of-way limits of Highway 63.

Champion's witness testified that contact had been made with the Ministry of Transportation and Communications of the Province of Ontario. The witness indicated that he had visited the site with a representative of the Ministry and discussed the location of the pipeline with respect to various matters, such as ditches, trees, culverts and the actual road crossing.

Champion provided evidence that within the limits of Highway 63 it would construct the pipeline with a cover of 1 m. It was informed that, in the past, the Board required 1.2 m of cover in longitudinal occupation of highway or road allowances. The Applicant stated that installation of the pipeline with 1.2 m of cover would not be a problem.

Champion confirmed that appropriate clean-up methods would be used by it and its contractors, and that the lands through which the pipeline would be constructed would be left in such a condition as not to interfere with any purposes for which the lands may be used.

Pipeline

Champion proposed to construct a 219.1 mm diameter pipeline starting from the town border station at Thorne, crossing the Ontario and Quebec bridges over the Ottawa River

and continuing to the facilities of Le Gaz in Temiscaming (See Map, Appendix 1). The line would be attached to the side of the Ontario bridge and would be hung under the sidewalk on the Quebec bridge. The line would be cased and provided with insulators over 10 per cent of the exposed length. Champion's witness testified that the exposed pipeline on the bridges would have sufficient protection against external damage. The line pipe to be used for this project would be manufactured to meet the requirements of CSA Standard Z245.3. It would be grade 42, category I pipe. The Applicant stated that the working pressure of this pipe would be only 862 kPa, corresponding to a stress of 5.1 per cent of the specified minimum yield strength.

The line would be tested at 2 068 kPa. Based on a factor of 1.5, the Applicant determined the maximum allowable operating pressure to be 1 379 kPa which is the maximum allowable operating pressure requested by the Applicant.

Champion proposes to operate a town border station consisting of metering, pressure regulating and odorizing equipment. The station would not be manned but would be connected by telephone lines to the North Bay office. Northern and Central would construct metering facilities in Thorne.

Construction Schedule and Cost

Champion revised its construction schedule but expected the construction period to be about the same as originally proposed. Under the revised schedule, highway permits and material acquisition, clearing and grading would be completed by the end of February 1980. Trenching, pipe laying and welding would be completed in a month and a half, from mid-February to the end of March. Hydrostatic testing and clean-up would be completed by the end of April.

The facilities of Le Gaz to the Tembec plant would be installed simultaneously with the Champion facilities. The distribution system in the town of Temiscaming would be built later in 1980.

The originally estimated capital cost for the pipeline (\$210 537) and town border station (\$54 963) of \$265 500 was not changed because of the revised construction schedule.

Environment

The Applicant submitted an environmental evaluation of the proposed pipeline extension from Thorne, Ontario across the Ottawa River to the Tembec industrial plant at Temiscaming, Quebec. The report consisted of a description of the environment to be traversed including geology, soils, watercourses, climate, vegetation, ungulates, waterfowl and fish resources and present land use patterns. To complete

the report there was a site-specific assessment of environmental concerns as well as recommendations to prevent or mitigate the potential impacts of the proposed pipeline.

An alternative route for the pipeline across the Ottawa River had been considered, however, since this alternative would have required blasting and the removal of organic sludge from the river bottom, the route was rejected for technical, economic and environmental reasons.

The pipeline would be constructed primarily in an urbanized environment where the main land uses which would be affected would be residential, transport, and industrial. The main possible environmental impacts of the pipeline would be on:

- (i) the residential area of Thorne, Ontario;
- (ii) the crossing of McDougal Creek; and
- (iii) the landscape and aesthetics along Highway 63.

To minimize the potential impact of pipeline construction upon the residents of Thorne who live along Highway 63, the environmental consultant recommended that the Company:

- (i) control dust and reduce construction noise;
- (ii) safeguard the construction site from children;
and
- (iii) alert the community to the project prior to construction.

Champion's witness testified that since the work would be done during the late winter or early spring, there would be little problem with dust.

To minimize the impact of noise from excavation equipment, construction would occur only during daylight hours. As there is a highway right-of-way between the construction area and the homes in Thorne, Champion felt that this would further reduce the effect of construction noise. To protect children who might be attracted to the site, Champion would minimize the amount of pipeline trench left open, use barricades to prevent access, and would not leave hazardous situations unattended.

To minimize the impact of pipeline construction upon McDougal Creek, the environmental consultant recommended that the bed and streambanks be restored to their original condition. To restore the streambanks, Champion would backfill the trench with the same material which had been removed from it. If the material removed from the stream channel had been silty, heavier granular material would be used as backfill so that the material would not wash away.

With regard to the concern about the impact of pipeline construction upon the landscape and the aesthetics along Highway 63, the environmental consultant recommended that roadside vegetation be protected from mechanical damage,

from excessive soil compaction, and from accidental spillage of substances potentially toxic to plants and that high standards of landscape restoration should be used.

Champion stated that a minimum amount of vegetation would be stripped during construction. Champion would restrict the movement of heavy machinery over the soil to minimize compaction, and refueling of construction equipment would occur at a site where accidental spillage could not have an adverse affect on vegetation. With regard to landscape restoration, Champion's witness testified that a condition of the Company's encroachment permit from the Ministry of Transportation and Communications was that Champion would restore the pipeline route to its original condition.

Economic Aspects

The witness for Champion testified that the proposed arrangement between itself and TransCanada for the construction of the lateral is the most convenient arrangement and the least costly for the consumer under the present pricing structure. If Champion were to build the entire pipeline, the price of gas in Temiscaming would not be competitive with the price of other fuels because Champion's cost of service would be added to TransCanada's rate at the take-off point and thus the project would not be economically feasible.

On the other hand, if TransCanada were to construct the line direct to Temiscaming, the use of higher pressure in

the line would prevent its being hung on the bridges and would require crossing the Ottawa River via a trench across the river bottom. Furthermore, two separate reduction, metering and odorization stations would have to be built; one serving Thorne and the other serving Temiscaming. Champion estimated that, if TransCanada built the entire pipeline, the capital cost would be greater than the estimated total capital cost of the separate segments proposed to be built by TransCanada and Champion.

Champion estimated that the Canadian content of the equipment and material would be 98 per cent. The Canadian content of the financing, engineering and construction was estimated at 100 per cent.

Financial Aspects And Contracts

The estimated capital cost of the proposal is summarized as follows:

Approximately 1.8 km of 219.1 mm	
diameter pipe	\$210 537
Town Border Station	<u>54 963</u>
Total	<u>\$265 500</u>

Champion stated that the capital requirements for these facilities would be financed by the parent corporation, Northern and Central Gas Corporation Limited.

Champion has entered into a cost of service contract with Northern and Central, dated 15 November 1979. Under the terms of this contract Northern and Central would pay Champion an annual cost of service charge during each

year of this contract which would include:

- (a) its operation and maintenance charges on the pipeline;
- (b) depreciation on a straight-line basis at 2.0 per cent for pipelines and 3.5 per cent for town border stations;
- (c) all taxes on the pipeline;
- (d) a rate of return on its investment in the pipeline and related facilities (after depreciation) of 11.8 per cent per annum after income taxes.

Champion filed copies of the gas sales contract dated 13 June 1979 between Tembec and Le Gaz, the latter having applied for the Temiscaming distribution franchise. The Applicant also filed copies of the gas transportation contract dated 15 November 1979 between Champion and Northern and Central, as well as copies of the gas purchase agreement between Northern and Central and Le Gaz dated 15 November 1979. Because Thorne is an unorganized community, Northern and Central does not need a franchise to serve the community.

INTERVENORS

Independent Petroleum Association Of Canada

IPAC stated that TransCanada's application represented a departure from usual expansion practices, insofar as laterals of this type would normally be built by the distribution company. IPAC noted that this pipeline would not be economically viable if it were built by the

distribution company. The solution represented by the application is to add the cost of this lateral to TransCanada's rate base where its effect on a rolled-in basis would be hardly noticeable. IPAC stated that the incremental unit cost imposed by the addition of this lateral is not extremely high. IPAC further stated that a take-off point located upstream from North Bay would be more advantageous than an extension at the far end of TransCanada's system. In summary, IPAC stated that this pipeline should be built, but suggested that the Board should condition its approval upon an agreement between the distribution company and TransCanada to the effect that incentive payments from the Province of Alberta, if received, should be given to TransCanada as a contribution to the cost of service of the lateral.

Tembec Forest Products Incorporated

Tembec stated in its intervention that, since it would be the largest consumer of natural gas to be served by the lateral, it was extremely interested in the project. Tembec urged that the applications be given priority consideration in order that gas supply could be made available to it by the fall of 1980.

Tembec explained that it has plans to increase current capacity of the plant to diversify its production and to install energy recovery equipment in the next five years and beyond.

Tembec estimated the life expectancy of the plant to be at least 30 to 40 years. The plant was constructed in 1919 - 1920. It was closed by CIP in 1972 and acquired by Tembec in 1973. Since then, Tembec has progressed in terms of assets and profits. In 1979, Tembec expected to show a profit in excess of three and half million dollars on an unconsolidated basis.

Tembec's witness testified that the long-term coal contract with Minto Mines in New Brunswick expired in November 1979 but was not renewed because of provincial thermal electric generation requirements. Minto had not delivered the total quantity under the contract by November 1979 but would fulfill the contract obligations before April 1980. Presently, Tembec is buying American Coal and No. 2 oil and is negotiating a short-term supply of bunker C oil.

Tembec stated that the gas service would provide an ideal energy solution for the plant. Burning of gas instead of high sulphur coal would eliminate some of the environmental problems. The changeover would definitely eliminate local fly-ash and acid rain pollution. If the plant would continue to burn coal, it would have to install several million dollars' worth of equipment to remove pollutants from the exhaust gases.

Tembec is the only major industry in the region and employs approximately 600 people. Last winter and earlier in the spring of 1979, Tembec experienced coal supply

interruptions from its domestic and United States suppliers and was forced into an emergency situation. Had Tembec not been able to purchase emergency coal from a Sudbury operation, which happened to have an unused stockpile, Tembec would have had to curtail its operation.

Tembec emphasized that the main advantages of gas availability to the plant were security of energy supply and elimination of air pollution.

Ministry of Energy for The Province of Ontario

The Ministry of Energy participated actively in the hearing and its Counsel cross-examined TransCanada's environmental and policy witnesses extensively. The Ministry stated that it was not opposed to the construction of the proposed pipeline but it expressed concern that the environmental report submitted by TransCanada was too general in its content, and had been too rushed in its preparation to provide the kind of information that the Board required in order to be able to make a proper determination of the case. In his cross-examination, Counsel for the Ministry of Energy sought site-specific information from TransCanada and its environmental consultant in respect to borrow sites, new access roads, river and stream crossings, stream banks, valley slopes, topsoil, trenches in wet areas and disposal of waste. The Ministry was also concerned about route selection, timing and methods of construction and their

impact on the environment. The Ministry was particularly dissatisfied with the assessment of the alternate routes. In conclusion, the Ministry suggested that the present general environmental report is of limited value since it lacks the specific information which is required to be included in the construction specifications which should form part of the contract between TransCanada and its contractor.

Procureur Général du Québec

The Procureur Général du Québec intervened in support of the applications and submitted that the proposed pipelines would serve the Province's goals of increasing security of energy supply for consumers, reducing environmental effects and increasing possibilities for regional industrial development. In addition, the project would further the national goals of security of supply and improvement of the balance of payments. The Procureur Général du Québec urged that the consumers in Temiscaming not be required to pay the costs of the pipeline extension, since to do so would render the price of gas uncompetitive and frustrate the provincial and national goals enumerated. It was argued that the public convenience and necessity required that the applications be approved, in order to improve the long-term profitability of the region's only major industry by the provision of a reliable supply of reasonably priced energy, and to provide further benefits to residential and commercial customers.

CHAPTER 3

BOARD'S FINDINGS AND CONCLUSIONS

TRANSCANADA PIPELINES LIMITED

The Board is satisfied that TransCanada has adequate gas supplies to meet the requirements for which the facilities were designed. Having reviewed the market estimates provided by TransCanada, the Board is satisfied with the assumptions in this forecast and finds TransCanada's projections to be reasonable.

The Board accepts TransCanada's selected route based on the evidence submitted. The Board is satisfied that TransCanada has made the necessary arrangements to secure a Crown grant of right-of-way which would be duly concluded in accordance with relevant law and regulations. The Board is satisfied that TransCanada has undertaken appropriate negotiations with federal and provincial authorities and that no objections have been identified by those authorities affected by the proposed extension. The Board notes TransCanada's statements that it would not cross any mining claims along the route.

The TransCanada project is a conventional type of pipeline project from an engineering point of view, which is to be built in an area where the Applicant has had considerable experience in the clean-up and restoration of the right-of-way.

The Board has reviewed the evidence respecting TransCanada's proposed pipeline design, cost estimate and construction schedule and concludes that they are reasonable. However, the Board would require that the final design of the pipeline, the specifications for the line-pipe and components and procedures for hydrostatic testing be approved by the Board prior to commencement of construction.

The Board has carefully considered the environmental evidence submitted by TransCanada and is of the opinion that, since the proposed pipeline would be constructed across land that is not of prime importance for forestry, water fowl, ungulates, recreation or agriculture, the potential for adverse environmental impact would be minimal. The Board notes the recommendations of the environmental consultant and the specifications for the prevention or mitigation of potential environmental impacts found in TransCanada's Environmental Protection Practices Handbook and Pipeline Construction Specifications, and feels that construction of the proposed pipeline would be accomplished in an environmentally acceptable manner provided TransCanada implements these recommendations and specifications. Towards this end, the Board would require TransCanada to construct the pipeline in accordance with the recommendations of the environmental consultant and the

specifications in the Environmental Protection Practices Handbook and Pipeline Construction Specifications.

The Board also notes TransCanada's undertaking that, should the actual conditions encountered during clearing differ from those contemplated, or should the actual construction schedule prove not to be compatible with any of the consultant's recommendations, TransCanada would implement further environmental impact assessments and identify appropriate mitigative measures. This undertaking could further reduce the potential for adverse environmental impact during pipeline construction. The Board would require TransCanada to submit for approval any such site-specific alterations that require departures from the provisions of its Environmental Protection Practices Handbook and Pipeline Construction Specifications.

With respect to borrow pits and quarries, the Board has reviewed the Pits and Quarries Control Act of Ontario, and notes that section 2 of that Act limits its application to parts of Ontario designated by regulation. A perusal of these regulations indicates that the area traversed by TransCanada's proposed line has not been so designated. However, the Board notes that the Mining Act of Ontario applies to all crown land within the province and requires all borrow pits and quarries to be licensed. The Board is

satisfied that by virtue of the latter Act, the Province will be in a position to limit the number of sites used and to impose appropriate reclamation procedures.

With respect to the potential impacts which would remain indefinitely after construction of the proposed pipeline facility, the Board considers that the extent and severity of these potential impacts would not be significant. The Board would, however, require TransCanada to implement its undertaking to reduce the visual impact of the pipeline right-of-way at all crossings of roads and railways.

The Board has noted the concerns of the Ministry of Energy for Ontario regarding the adequacy of information in TransCanada's environmental report and has taken these concerns into account when rendering its decision. The Board expects the site-specific concerns expressed by the Ministry of Energy to be dealt with by TransCanada in its final design for the pipeline facility. The Board will require for its approval, detailed crossing drawings for the Jocko and Little Jocko Rivers, and typical drawings for other creeks and streams to be crossed by the proposed pipeline.

The Board is satisfied that the proposed construction arrangement between the Applicants is the least costly and the most convenient way to build the project.

The Board notes the region's economic dependence on the Tembec plant. Also, the Board recognizes the plant's requirement for a secure supply of energy to maintain its operation.

The Board is satisfied with the level of Canadian content estimated for the project.

The Board concludes that TransCanada has demonstrated that the project can readily be financed.

The Board has considered the suggestion made by IPAC that the certificate be conditioned to the effect that the Applicants agree that any incentive payments made in future by the Province of Alberta to distributing companies, be paid to TransCanada as a contribution toward the cost of service of the Temiscaming lateral. The Board finds it undesirable to impose a condition based on a future event the occurrence and structure of which are, at present, uncertain. Furthermore, there would be the possibility of legal difficulties in enforcing such a condition.

The Board notes TransCanada's understanding that the Board's decision on this lateral pipeline will not represent a precedent for other applications for construction of lateral pipelines in the future.

CHAMPION PIPE LINE CORPORATION LIMITED

The Board is satisfied that the supply of gas from TransCanada to Northern and Central is adequate.

The Board has also given careful consideration to all the evidence presented in the course of this hearing with respect to the potential markets to be served and in particular to the evidence in regard to the Tembec operation. The Board is satisfied that the potential requirements will be sufficient to justify the construction of the pipeline.

The Board concurs with Champion's proposal to locate its pipeline on public property in the right-of-way limits of Highway 63, as well as on the dam and bridge facilities across the Ottawa River.

The Board is satisfied with Champion's undertaking that necessary arrangements have been or would be made with all federal and provincial authorities.

The Board notes that Champion proposed to install its pipeline at a depth of one meter in the road allowance of Highway 63. The Board would require Champion to install its pipeline with a minimum cover of 1.2 m, both horizontally and vertically at all locations in the road allowance with the exception of that portion of the pipeline which would be suspended on the bridge structures across the Ottawa River.

The Board accepts Champion's undertaking to clean up and restore the lands through which the pipeline would be constructed so as not to interfere with any purposes for which the lands may be used.

Champion did not propose any special measures to protect 90 per cent of the exposed pipe on the Ottawa River bridges nor did it consider it necessary to specify fracture toughness for the exposed pipe. In view of the fact that this pipeline would operate at a very low pressure, corresponding to a stress in the wall of the pipe from five to seven per cent of the minimum specified yield strength, the Board finds the design to be acceptable.

The completion date of the facilities to be constructed by Champion and the completion dates of the connecting distribution systems are compatible with the completion date of the TransCanada facilities. The natural gas service should be available in Thorne and Temiscaming by the fall of 1980.

The Board has carefully considered the environmental evidence submitted by Champion. Since the pipeline would be constructed in an urbanized environment along an existing transportation corridor and Champion has undertaken to minimize the disturbance and hazard to local residents, to minimize the disturbance to roadside vegetation and to implement revegetation and restoration procedures to return the landscape of the pipeline right-of-way to its present condition, the Board is of the opinion that the impact on the environment of the proposed pipeline project would be minimal with no long-term effects.

The Board would require Champion to implement the recommendations of its environmental consultant.

In the Board's view, Champion has shown that the arrangement between TransCanada and itself is the least costly way of building the proposed pipeline.

The Board is satisfied with the level of Canadian content estimated for the project.

The Board acknowledges the region's economic dependence on the Tembec plant. Furthermore the Board recognizes the plant's dependence on a secure supply of energy to maintain its operation.

The Board concludes that the Applicant has demonstrated that the project can readily be financed.

Since Champion's section of the pipeline is a part of the entire Temiscaming extension, the Board would require Champion to prepare and submit to the Board a plan, profile and book of reference for the pipeline. Therefore, Champion would not be exempted from the provisions of section 29 of the Act, as requested in the application.

CHAPTER 4

DISPOSITION

TRANSCANADA PIPELINES LIMITED

The Board, having considered all the evidence and arguments made with respect to the application of TransCanada PipeLines Limited and having taken into account all such matters as to it appear to be relevant, is satisfied that the pipeline facilities applied for by TransCanada are and will be required by the present and future public convenience and necessity.

Accordingly the Board is prepared, subject to the approval of the Governor in Council, to issue a certificate of public convenience and necessity to TransCanada in respect of the proposed pipeline facilities upon the terms and conditions set out in Appendix 4.

CHAMPION PIPE LINE CORPORATION LIMITED

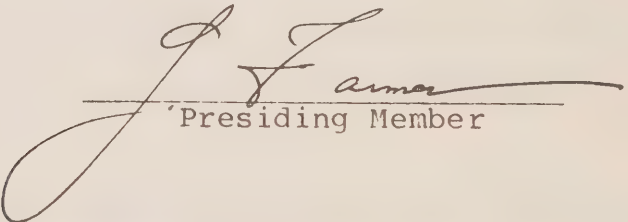
The Board, having considered all the evidence and arguments made with respect to the application of Champion Pipe Line Corporation Limited, is satisfied that the pipeline facilities applied for by Champion are and will

be required by the present and future public convenience and necessity.

Accordingly, provided that the Governor in Council approves the issuance of a certificate of public convenience and necessity to TransCanada as recommended in these Reasons for Decision, the Board is prepared to issue an Order to Champion under section 49 of the National Energy Board Act exempting Champion from the provisions of Sections 26 to 28 of the Act with the exception of sections 26(1)(b) and 27(b), upon the terms and conditions set out in Appendix 5.

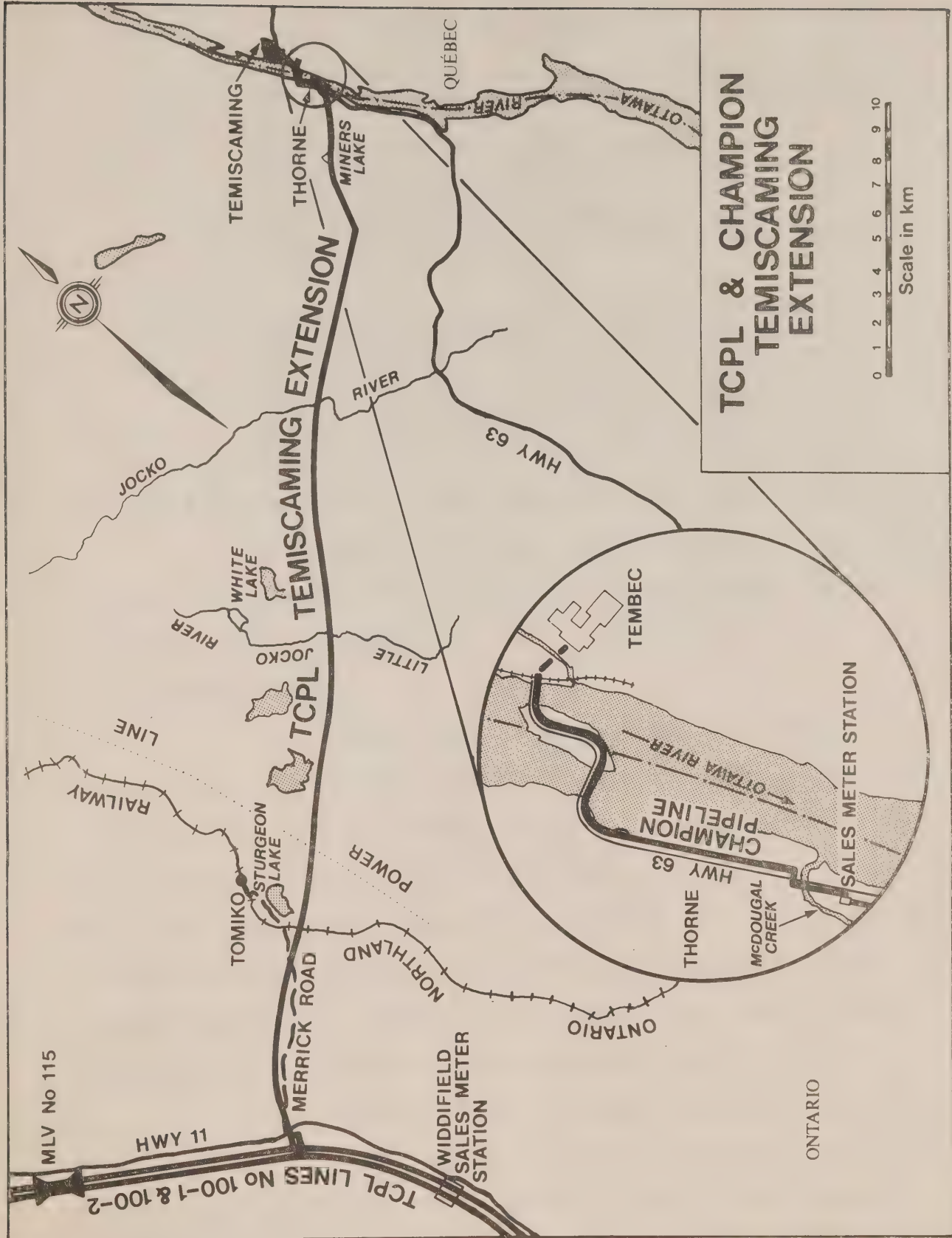
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All of which is respectfully submitted.


Presiding Member


Member


Member



DWG. No. 1132-M

NATIONAL ENERGY BOARD, DEC. 5, 1979

NATIONAL ENERGY BOARD



OFFICE NATIONAL DE L'ÉNERGIE

ORDER NO. GH-5-79

IN THE MATTER OF the National Energy Board Act and the Regulations made thereunder; and

IN THE MATTER OF an application by TransCanada PipeLines Limited (hereinafter called "TransCanada") for a Certificate of Public Convenience and Necessity under Part III of the said Act, filed under file number 1555-T1-87; and

IN THE MATTER OF an application by Champion Pipe Line Corporation Limited (hereinafter called "Champion") pursuant to section 49 of the said Act for an order exempting the company from the provisions of sections 26 to 29 with the exception of Section 26(1)(b) of the said Act, filed under file number 1555-C17-3.

B E F O R E the Board, on Thursday, the 27th day of September 1979.

UPON reading the application dated 13 June 1979 filed on behalf of TransCanada; and the application dated 22 June 1979 filed on behalf of Champion:

IT IS ORDERED THAT:

1. The applications of TransCanada and Champion respectively, hereinafter referred to as the "Applicants", will be heard successively at a public hearing to commence on Tuesday, the 20th day of November, 1979, at the hour of 9:30 a.m. local time, and to be held in the Games Room, Whiteoak Inn, 10 Rue Rivière, in the Town of Temiscaming, in the Province of Quebec. Such proceedings will be conducted in either of the two official languages and simultaneous interpretation will be provided.

2. The Applicants shall arrange to have the Notice of Hearing in the form prescribed by the Board as set forth in the Notice attached hereto and which forms part of this Order, published not later than the 12th day of October, 1979, or as soon

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thereafter as may be practicable in one issue each of the "Globe and Mail" in the City of Toronto, the "Citizen" in the City of Ottawa, the "Nugget" in the City of North Bay, all in the Province of Ontario; the "Gazette" and "Le Devoir" in the City of Montreal, and "Le Témiscamien" in the City of Ville-Marie, all in the Province of Québec; and as soon as possible in the "Canada Gazette".

3. Notice of the hearing shall forthwith be given by the Applicants by service of a true copy of this Order together with a copy of the application filed, upon the Attorneys General of the Provinces of Ontario and Quebec; the Ontario Energy Board; the Régie du Gaz et de l'Electricité du Québec; the Canadian Gas Association; and the Canadian Federation of Agriculture.

4. Any respondent or intervenor intending to oppose or intervene in the applications shall file on or before the 9th day of November, 1979, with the Secretary of the Board, thirty-five (35) copies of a written statement, in either of the two official languages, containing his reply or submission, together with any supporting information, particulars or documents, which shall contain a concise statement of the facts from which the nature of the respondent's or intervenor's interest in the proceeding may be determined, which may admit or deny any or all of the facts alleged in the applications, which shall be endorsed with the name and address of the respondent or intervenor or his solicitor to whom communications may be sent, and which shall state in which of the two official languages the party wishes to be heard. Any respondent or intervenor shall, in addition, serve three (3) copies of his reply or submission and supporting information,

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particulars or documents upon the Applicants and one (1) copy each upon the parties named in paragraph 3 of this Order and shall file proof of service thereof with the Board at the opening of the hearing.

5. Leave be and is hereby granted for evidence and information adduced at other hearings before the Board or at hearings before any Board, Commission or other competent tribunal of a province for authority to take or remove gas from that province, and for any report, finding or order made in respect thereof, to be received in evidence at the hearing of the applications.

6. Subject to section 5.1 of the Board's Rules of Practice and Procedure, compliance by the Applicants with subsection (1) of section 5 of the said Rules be and is hereby dispensed with except for that evidence and information filed with the applications and to be adduced at the hearing thereof, and such other evidence as the Board deems relevant.

7. Any interested party may examine a copy of the application and the submissions filed therewith at the office of:

National Energy Board
Trebla Building
473 Albert Street
Ottawa, Ontario
K1A 0E5

or, with respect to the TransCanada application, at the following address:

TransCanada PipeLines Limited
P.O. Box 54,
Commerce Court West
Toronto, Ontario
M5L 1C2

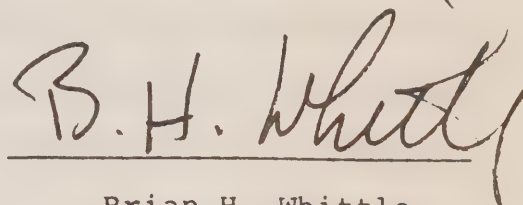
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or, with respect to the Champion application, at the following address:

Champion Pipe Line Corporation Limited
245 Yorkland Blvd.
Willowdale, Ontario
M2J 1R1

DATED at the City of Ottawa in the Province of
Ontario, this 27th day of September, 1979.

NATIONAL ENERGY BOARD

A handwritten signature in dark ink, reading "B. H. Whittle", is written over a horizontal line. The signature is stylized with a large, sweeping "W" and a long, trailing flourish.

Brian H. Whittle,
Secretary.

NATIONAL ENERGY BOARD

NOTICE OF HEARING

TAKE NOTICE that pursuant to the National Energy Board Act and Regulations made thereunder, the Board has ordered a hearing to be held in the Games Room of the Whiteoak Inn, 10 rue Riviere, in the Town of Temiscaming, in the Province of Quebec, on Tuesday, the 20th day of November, 1979, commencing at the hour of 9:30 a.m. local time, to hear the applications of TransCanada PipeLines Limited for a Certificate of Public Convenience and Necessity under Part III of the National Energy Board Act to construct and operate additional pipeline facilities, namely:

approximately 39.5 km of 168.3 mm diameter gas transmission pipeline extending from a point 12.8 km upstream of North Bay Compressor Station 116 to a proposed Meter Station in the Township of Poitras, all in the District of Nipissing in the Province of Ontario

and of Champion Pipe Line Corporation for an order exempting the company from the provisions of sections 26 to 29 with the exception of section 26(1)(b) of the National Energy Board Act with respect to construction of:

approximately 1.8 km of 219.1 mm diameter gas transmission pipeline from TransCanada's proposed meter station in the Township of Poitras, District of Nipissing in the Province of Ontario to a point in the property of Tembec Forest Products Inc. in the Town of Temiscaming in the Province of Quebec

all as more particularly described in the applications. Such proceedings will be conducted in either of the two official languages and simultaneous interpretation will be provided.

AND THE BOARD HAS FURTHER ORDERED THAT:

1. Any respondent or intervenor intending to oppose or intervene in the applications shall file on or before the 9th day of November, 1979, with the Secretary of the Board, thirty-five (35) copies of a written statement in either of the two official languages containing his reply or submission, together with any supporting information, particulars or documents, which shall include a concise statement of the facts from which the nature of the respondent's or intervenor's interest in the proceeding may be determined, which may admit or deny any or all of the facts alleged in the applications and which shall be endorsed with the name and address of the respondent or intervenor or his solicitor to whom communications may be sent and shall state in which of the two official languages the party wishes to be heard. Any respondent or intervenor shall, in addition, serve three (3) copies of his reply or submission, and supporting information, particulars or documents upon each of the Applicants and one (1) copy each upon the Attorneys General of the Provinces of Ontario and Quebec; the Ontario Energy Board; the Régie du Gaz et de l'Electricité du Québec; the Canadian Gas Association; and the Canadian Federation of Agriculture.

2. Any interested party may examine a copy of the applications and the submissions filed therewith at the office of:

National Energy Board
Trebla Building
473 Alberta Street
Ottawa, Ontario
K1A 0E5

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or, with respect to the TransCanada application, at the following address:

TransCanada PipeLines Limited
P.O. Box 54
Commerce Court West
Toronto, Ontario
M5L 1C2

or, with respect to the Champion application, at the following address:

Champion Pipe Line Corporation Limited
245 Yorkland Blvd.
Willowdale, Ontario
M2J 1R1

DATED at the City of Ottawa in the Province of
Ontario, this 27th day of September, 1979.

NATIONAL ENERGY BOARD

Brian H. Whittle
Secretary

ORDER NO. AO-1-GH-5-79

IN THE MATTER OF the National Energy Board Act and the Regulations made thereunder; and

IN THE MATTER OF an application by TransCanada PipeLines Limited (hereinafter called "TransCanada") for a Certificate of Public Convenience and Necessity under Part III of the said Act, filed under file number 1555-T1-87; and

IN THE MATTER OF an application by Champion Pipe Line Corporation Limited (hereinafter called "Champion") pursuant to section 49 of the said Act for an order exempting the company from the provisions of sections 26 to 29 with the exception of section 26(1)(b) of the said Act, filed under file number 1555-C17-3.

B E F O R E the Board, on Monday, the 29th day of October, 1979.

UPON the Board, by Order No. GH-5-79, having set down the applications listed above for a public hearing to commence in the Town of Temiscaming, in the Province of Québec, on the 20th day of November, 1979;

AND UPON the Board, by paragraph 3 of Order No. GH-5-79, having required the applicants to arrange publication of the Notice of Hearing, attached to that Order, in a number of newspapers set forth therein;

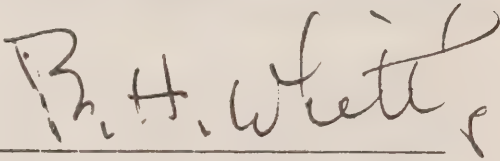
IT IS HEREBY ORDERED THAT:

The applicants shall arrange among them to have the Notice of Hearing attached to Order No. GH-5-79 published as soon as possible in one issue of the "Herald" in the City of Calgary, in the Province of Alberta.

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DATED at the City of Ottawa, in the Province of Ontario,
this 29th day of October, 1979.

NATIONAL ENERGY BOARD

A handwritten signature in dark ink, appearing to read "B. H. Whittle", is written over a horizontal line.

Brian H. Whittle,
Secretary.

TERMS AND CONDITIONS

TRANSCANADA PIPELINES LIMITED

1. The additional pipeline to be constructed pursuant to this certificate shall be the property of and shall be operated by TransCanada.
2. (1) TransCanada shall cause the additional pipeline, in respect of which this certificate is issued, to be designed, manufactured, located, constructed and installed in accordance with those specifications, drawings and other design data set forth in the application and that may otherwise be filed with and approved by the Board.
(2) TransCanada shall cause no variation in the specifications, drawings, other design data and requirements described in subcondition (1) to be made without the prior approval of the Board.
3. TransCanada shall cause the additional pipeline to be located in accordance with approved plans, profiles and books of reference.
4. TransCanada shall submit to the Board for its approval, prior to commencement of construction, detailed crossing drawings for the Jocko and Little Jocko Rivers, and typical crossing drawings for all other bodies of water to be crossed by the said pipeline.
5. TransCanada shall cause the construction and installation of the additional pipeline to be carried out in accordance with its undertakings respecting environmental

matters given in the evidence and in accordance with the TransCanada PipeLines Construction Specifications and Environmental Protection Practices Handbook, except as otherwise authorized by the Board.

6. TransCanada shall monitor the effects of the pipeline construction upon the environment and implement preventative or mitigative measures to prevent or mitigate any long-term effects of pipeline construction upon the environment, and shall submit to the Board a report on these activities and their results on or before 31 December 1981 unless, upon application, a later date is fixed by the Board.
7. TransCanada shall cause the construction and installation of the additional pipeline to be completed on or before 1 December 1980 unless, upon application by TransCanada, a later date is fixed by the Board.

TERMS AND CONDITIONS

CHAMPION PIPE LINE CORPORATION LIMITED

1. The additional pipeline to be constructed pursuant to this order shall be the property of and shall be operated by Champion.
2. (1) Champion shall cause the additional pipeline, in respect of which this order is issued, to be designed, manufactured, located, constructed and installed in accordance with those specifications, drawings and other design data set forth in the application and that may otherwise be filed with and approved by the Board.
(2) Champion shall cause no variation in the specifications, drawings, other design data and requirements described in subcondition (1) to be made without the prior approval of the Board.
3. Champion shall submit to the Board for its approval, prior to commencement of construction, the final design of the pipeline, together with the specifications for the line pipe and components and procedures for hydrostatic testing.
4. Champion shall submit to the Board for its approval, prior to commencement of construction, a detailed crossing drawing of the McDougal Creek.
5. Champion shall construct the additional pipeline in accordance with the undertakings respecting environmental and safety matters given in the evidence except as otherwise authorized by the Board.

6. Champion shall cause the additional pipeline to be installed with a minimum cover of 1.2 m, both horizontally and vertically at all locations in the road allowance with the exception of that portion of the pipeline which will be suspended on the bridge structures across the Ottawa River.
7. Champion shall restore the ground cover to its original condition and shall revegetate the pipeline right-of-way and shall submit a report to the Board on or before 31 December 1980, describing the results of the restorative and revegetative measures which were implemented or will be implemented to prevent or mitigate any long-term effects of pipeline construction.
8. Champion shall cause the construction and installation of the additional pipeline to be completed on or before 1 December 1980 unless, upon application by Champion, a later date is fixed by the Board.

